

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL MEMORANDUM

SB 1898 – HB 1428

May 19, 2009

SUMMARY OF AMENDMENT (008299): Deletes all language following the enacting clause. Effective October 1, 2009, requires the Department of Agriculture to license and regulate equine slaughter and processing facilities. Requires the Department to set fees in an amount sufficient to cover all expenses incurred by the regulatory program. If an action is filed in circuit or chancery court, requires the person filing the action to post a surety bond in the amount of 20 percent of the total estimated cost of the building or operational facility. Requires the Commissioner of the Department of Agriculture to promulgate rules. Prohibits the Department from promulgating rules or using funds or resources for the regulatory program until federal restrictions have been removed to permit marketing horse meat for sale or until the Commissioner determines the need for state inspection of horse meat.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$200/One-Time

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – According to the Department of Agriculture, recent appropriations bills have prevented the United States Department of Agriculture (USDA) from using any resources for the purpose of inspecting equine slaughter and processing facilities; therefore, the current fiscal impact of the bill is minimal. Should this federal restriction be removed, the state would collect revenue estimated at \$78,500 and incur expenses estimated at \$78,500 for the regulatory program.

Assumptions applied to amendment:

- Current federal restrictions prohibit the use of money to inspect equine slaughter facilities.
- Should this restriction be removed, the Department of Agriculture estimates one equine slaughter and processing facility in the state.
- According to the Department, a license fee of \$500 will be paid by the facility to cover expenses related to the issuance of the license.

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- According to the Department, the regulatory program will be modeled after the federal program which provides for a fee-for-service arrangement between the facility, the Department, and the inspectors. It is estimated that the inspection fees will be \$100 per hour for each veterinarian and food & dairy inspector. The Department estimates using 780 hours of inspection time.
- The inspection time will be billed to and paid by the facility to the Department of Agriculture. The Department will pay the inspector the actual per hour costs as paid by the facility. The estimated increase in state revenue for 780 hours of inspection time will equal \$78,000.
- An estimated 780 inspection hours will be used for a total increase in state expenditures of \$78,000.
- The requirement for the individual filing a petition for action with the court to provide a surety bond at time of filing will have no fiscal impact on the state.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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